

# “Accounting standards haven’t figured out a way to measure the strategic value of people yet”

*Accountancy Ireland* sits down with **Carol Phelan**, CFO of Dalata Hotel Group. From her journey at one of the Big Four to private equity, Phelan shares her insights into the business side of the hospitality industry and Dalata’s people-centric approach to success

**A** lifelong interest in business took Carol Phelan on a career path that has seen her work in a Big Four firm, an Irish private equity house and, ultimately, become CFO of Dalata Hotel Group – Ireland’s largest hotel operator.

Speaking to *Accountancy Ireland* in Dalata’s new state-of-the-art headquarters in Sandyford in south Dublin, Phelan explains how she grew up on a farm in County Laois and was always interested in business.

“At school, I gravitated towards business success stories, particularly Irish ones. I was always strong with numbers – they made sense to me, but it wasn’t just about balancing the books. It’s what people are doing with the business. I did a broad Business degree at the University of Limerick. I specialised in accounting and finance and did a Master’s in Accounting. I knew it was a qualification that would stand to me whatever I did.”

Her undergraduate degree included an internship component, and in a forerunner of her future career, it took her to work in a hotel in France for nine months. “I got to work with numbers in a real business and found I could bring some skill to that.”

After college, she joined KPMG and qualified as a Chartered Accountant.

“I wanted to develop my skills and build my professional and business network,” she says. “I worked in the financial services and transaction services divisions. That allowed me to work with companies doing deals and making strategic acquisitions. I was able to go into businesses of different sizes in various sectors and work with leading advisors. I enjoyed my time with KPMG.”

She also learned something about herself. “I realised I didn’t want to be an advisor. I wanted to be the one making the decisions and living with them.”

## **Moving on from the Big Four**

Phelan joined private equity house Ion Equity in 2007, just before the global financial crash hit. It could hardly have been a more challenging time for that sector.

“It took me out of my comfort zone,” she says with no little understatement. “It was about going in, putting deals together, and putting money behind them. It was also about helping finance teams in investee companies deal with the challenges presented by the crash.”

Given her qualifications and experience, she was often asked why she didn’t go to one of the major international private equity firms. “I wanted to be where the leadership was,” she explains. “I wanted to be close to the decisions. No matter how small a role I had, I wanted to be part of the decision making.”

Her next move saw her join Dalata in 2014.

“I wanted to get into the finance function of a large Irish company,” Phelan explains. “The Dalata opportunity came up, and it ticked all the boxes. The people leading the company shared my values – ambition, a desire to grow and challenge oneself, and always wanting to do better. Dalata has that in spades.”

“The company has always been led by people very concerned about building a business that works for everyone and not just about generating higher numbers and profits. They want a business that creates opportunities for everybody. I knew the people in Dalata before I joined, so I knew it was all true.”

The company was on the cusp of significant change when she joined. “It was just after the IPO. All the structures had to be built to accommodate it. I was able to use my skills for that. It was great to have that challenge.”

## **A people-centric business**

The culture of the business is very important to Phelan.

“Hospitality is a very people-centric business. It’s about more than numbers and the bottom line. That sits well with me and my background. Dalata has always said it wants people with ambition: ambition to grow and develop themselves but to bring others with them, as well.”

Dalata places great store by training and development, with over 113,00 training courses completed by its staff in 2022.





Carol Phelan

“The company is growing and ambitious. I can’t tell you the opportunities that will exist in three years, but we will put everything behind people who want to grow and develop.

“People who joined the company in 2015 are now working in roles that didn’t exist back then. We give people support to get the experience and skills and take on those roles. We opened seven hotels in 2022, and the majority of the leadership teams in them is made up of people developed in Dalata. That creates opportunities for those following behind them.”

Career mobility is also important. “You can join the finance team here, but who knows where you will end up. We have operations people who ended up in finance and operations people who started in finance. You can’t pigeonhole people. As a major plc, we also have all the finance strands here so someone can build a full suite of experience.”

There is a need to look beyond functional skills, she adds. “You can develop skills for a role in finance, but it has never been just about the numbers. I can tell by sitting across the table from someone if targets will be met without looking at numbers on a page. We all have that ability if we work on it.”

The people-centric approach delivers real business benefits. “We see ourselves as an employer of choice. That’s very important in the hospitality industry. We are not as challenged as others in the industry regarding recruitment. We are now back at 2019 job vacancy rates. We will always have several vacancies. That’s the nature of the business.”

### “The only way was up”

She was appointed Group CFO on 1 July 2021. “The only way was up, having been shut down for most of the previous two years [during the pandemic],” she says with a smile. “It was easy coming in after that. Anyone can look like a hero in those circumstances.”

Looking back on COVID-19, she believes it showed Dalata at its best.

“We never panicked. We stood back and said it would resolve itself. That was based on a genuine belief that science

would get there. That was our underlying expectation, and we had to be ready when we came out the other side. We looked at it through a longer lens. Everyone stepped in to do whatever needed to be done. Our bottom line was to protect our people. They represent our biggest asset. The accounting standards haven’t figured out a way to measure the strategic value of people yet, but we know what it is.”

The aim was to keep people employed during COVID-19.

“Our focus was on everyone doing the right things in the right ways to keep people on. That’s the Dalata way of doing things. We ensured all our people had full access to the Dalata Online Academy. Even at home, they could continue to grow and develop.”

The operations software platform also proved its worth. “We use it in the hotels for people management, rostering, onboarding, as a communications tool, and for pushing out video updates,” Phelan explains. “We have a lot of young people in the industry, and the ability to access information over the phone is so important to them, particularly when they can’t get together physically. We ensured people remained connected to the business even when apart.”

That approach was extended to customers, landlords, suppliers, bankers and other stakeholders.

“We gave refunds to customers when they asked for them. We never even considered not paying rent. All our decisions were taken with a view to the long term. That will stand to us in the future.”

### Growth

Having delivered record profits in 2022, there will be no let-up in the growth and development of Dalata Hotel Group, Phelan says.

“We now have 52 hotels in Ireland, the UK and continental Europe, and another five in the pipeline in London, Brighton, Manchester and Dublin. Forty percent of our rooms are in Dublin, 40 percent in the UK, and the balance is in regional Ireland and continental Europe.

“We have great ambitions for continental Europe, but our priority growth focus is the UK. There is a gap in the four-star hotel market, and we are in a great position to fill it. Dalata is a very ambitious company. The focus is always on what’s next. I love that attitude. But there is strong discipline. There will never be trophy assets in Dalata. Everything must make sense for the broader business and deliver a return for our shareholders.”

She concludes by pointing out that her own role reflects the core values of Dalata.

“I am an executive director and sit on the board as well as leading the finance team. I must be able to contribute to Dalata strategically, not just in my own expert area. Board members need to be able to challenge each other. We may approach it from slightly different angles, but it’s important to hear everyone’s views. That’s the Dalata culture overall. People are encouraged to bring their individuality to work. Everyone is encouraged to have a voice and to speak up. Who we are and where we’ve come from shapes that. We all bring different perspectives to the debate.”